OASIS CENTER, INC.

FINANCIAL STATEMENTS AND
SUPPLEMENTARY DATA

As of and for the Year Ended June 30, 2019

And Report of Independent Auditor

Cherry Bekaert LLP
CPAs & Advisors

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OASIS CENTER, INC.
ROSTER OF BOARD OF DIRECTORS AND EXECUTIVE STAFF

AS OF JUNE 30, 2019

Board of Directors

Jimmy Bynum	Chair
Kendall Musgrove	Vice Chair
Lavona Russell	Secretary
Jason Jenson	Treasurer
Fabian Bedne	Board Member
Charles H. Bell	Board Member
Gregg Boling	Board Member
Charles Robert Bone	Board Member
Norma Burgess	Board Member
Lisa Campbell	Board Member
Laura Creekmore	Board Member
Richard Dinkins	Board Member
Sonnye Dixon	Board Member
Kent Earls	Board Member
Martha Earls	Board Member
Beth Fortune	Board Member
Andres Martinez	Board Member
Dave Mazur	Board Member
Susan Mosely-Howard	Board Member
Sito Narcisse	Board Member
John Ozier	Board Member
Michael Peacock	Board Member
Laura Proctor	Board Member
Heather Steele	Board Member
Sam Strang	Board Member
Brenda Wynn	Board Member

Executive Staff

Tom Ward	President and Chief Executive Officer
Kimberly Reese	Chief Financial Officer
Mark Dunkerley	Chief Strategy Officer
Judy Freudenthal	VP of Youth Engagement & Action and External Evaluation
Cheryl Mendez	VP of Clinical Services and Data Integrity
Shanda Hampton	VP of Human Resources

Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor

To the Board of Directors
Oasis Center, Inc.
Nashville, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of Oasis Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Oasis Center, Inc. as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Changes in Financial Statement Presentation

As discussed in Note 1, Oasis Center, Inc. adopted Accounting Standards Update ("ASU") 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements for Not-for-Profit Entities.* The ASU has been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The Roster of Board of Directors and Executive Staff on page 1, which is the responsibility of management, is of a nonaccounting nature and has not been subjected to the auditing procedures applied in the audit of the financial statements. Accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2019, on our consideration of Oasis Center, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Oasis Center, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Oasis Center, Inc.'s internal control over financial reporting and compliance.

Cherry Bekaert LLP

Nashville, Tennessee
December 18, 2019

OASIS CENTER, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2019

ASSETS		
Current Assets:		
Cash and cash equivalents	$	391,121
Receivable from grantor agencies		247,777
Other receivables		105,802
Other assets		29,987
Total Current Assets		774,687
Investments		2,418,994
Land, building, and equipment, net		4,072,438
Total Assets	$	7,266,119
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	$	86,393
Accrued expenses		155,461
Total Current Liabilities		241,854
Net Assets:		
Without donor restrictions		6,989,265
With donor restrictions		35,000
Total Net Assets		7,024,265
Total Liabilities and Net Assets	$	7,266,119

OASIS CENTER, INC.
STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support:			
Government grants	$ 2,189,621	$ -	$ 2,189,621
Contributions	1,668,296	-	1,668,296
Other grants	513,854	35,000	548,854
United Way	328,000	-	328,000
Special event revenue	164,046	-	164,046
Investment return, net	165,218	-	165,218
Other	104,202	-	104,202
Program fees and other	69,625	-	69,625
Net assets released from restrictions	10,117	(10,117)	-
Total Revenue and Other Support	5,212,979	24,883	5,237,862
Expenses:			
Program Services:			
Residential and crisis services	1,010,877	-	1,010,877
Youth action services	711,252	-	711,252
Statewide TOP	656,239	-	656,239
Youth engagement services	509,603	-	509,603
Transitions initiative	456,116	-	456,116
College connection	427,453	-	427,453
Counseling services	269,586	-	269,586
Total Program Services	4,041,126	-	4,041,126
Support Services:			
Management and general	653,988	-	653,988
Fundraising	469,713	-	469,713
Total Support Services	1,123,701	-	1,123,701
Total Expenses	5,164,827	-	5,164,827
Change in net assets	48,152	24,883	73,035
Net assets, beginning of year	6,941,113	10,117	6,951,230
Net assets, end of year	$ 6,989,265	$ 35,000	$ 7,024,265

OASIS CENTER, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2019

	Program Services								Support Services			
	Residential and Crisis Services	Youth Action Services	Statewide TOP	Youth Engagement Services	Transitions Initiative	College Connection	Counseling Services	Total Program Services	Management and General	Fundraising	Total Support Services	Total Expenses
Salaries	$ 685,985	$ 357,867	$ 277,609	$ 304,376	$ 296,371	$ 327,129	$ 197,679	$ 2,447,016	$ 432,627	$ 302,394	$ 735,021	$ 3,182,037
Fringe benefits	122,383	73,207	46,068	52,192	53,675	58,007	40,135	445,667	91,842	52,974	144,816	590,483
Professional fees	19,505	41,399	55,116	11,828	12,066	6,648	3,902	150,464	55,290	6,998	62,288	212,752
Special events	4,259	1,199	-	-	57	-	-	5,515	-	60,460	60,460	65,975
Supplies	33,026	42,349	4,388	12,385	8,627	9,183	1,568	111,526	12,588	9,868	22,456	133,982
Telephone	5,659	4,239	3,947	3,042	7,231	3,662	861	28,641	1,265	1,042	2,307	30,948
Printing and publications	776	11,717	27,655	936	1,212	2,661	1,153	46,110	2,407	5,809	8,216	54,326
Postage and shipping	1	93	4,174	148	-	11	-	4,427	51	1,312	1,363	5,790
Insurance	8,650	6,236	3,439	8,198	3,022	2,321	1,785	33,651	5,235	1,637	6,872	40,523
Utilities	26,932	18,178	3,857	21,013	8,345	3,174	7,031	88,530	5,598	3,857	9,455	97,985
Maintenance	18,007	5,664	1,263	14,792	2,629	947	2,211	45,513	3,117	2,496	5,613	51,126
Equipment	3,872	1,194	21	12,864	92	16	37	18,096	17,199	787	17,986	36,082
Travel	5,341	9,419	30,525	10,391	12,314	4,986	49	73,025	20	540	560	73,585
Conferences and meetings	475	37,659	52,592	342	5,128	105	297	96,598	1,068	2,580	3,648	100,246
Specific assistance	23,526	20,362	10,255	21,914	26,176	1,290	973	104,496	2	-	2	104,498
Grants and subcontracts	-	52,000	127,871	-	-	-	-	179,871	-	-	-	179,871
Miscellaneous	2,900	1,096	118	1,340	3,947	473	143	10,017	10,244	10,578	20,822	30,839
Depreciation expense	49,580	27,374	7,341	33,842	15,224	6,840	11,762	151,963	15,435	6,381	21,816	173,779
	$ 1,010,877	$ 711,252	$ 656,239	$ 509,603	$ 456,116	$ 427,453	$ 269,586	$ 4,041,126	$ 653,988	$ 469,713	$ 1,123,701	$ 5,164,827

The accompanying notes to the financial statements are an integral part of this statement.

OASIS CENTER, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2019

Cash flows from operating activities:		
Change in net assets	$	73,035
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		173,779
Unrealized gain on investments		(101,980)
Change in operating assets and liabilities:		
Receivable from grantor agencies		(8,118)
Other receivables		48,232
Other assets		(2,765)
Accounts payable		36,130
Accrued expenses		(6,472)
Net cash provided by operating activities		211,841
Cash flows from investing activities:		
Purchases of investments		(812,266)
Sales of investments		694,423
Purchase of fixed assets		(61,477)
Net cash used in investing activities		(179,320)
Net increase in cash and cash equivalents		32,521
Cash and cash equivalents, beginning of year		358,600
Cash and cash equivalents, end of year	$	391,121

The accompanying notes to the financial statements are an integral part of this statement.

Note 1—Nature of activities and summary of significant accounting policies

General – Oasis Center, Inc. (the "Center") is a nonprofit organization that provides comprehensive youth services, including an emergency shelter, counseling, independent living, employment training, and other educational opportunities for teens in Middle Tennessee. The Center is funded by government grants, United Way, private donations, and fees for service.

Basis of Presentation – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Center and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – All revenues, gains, and losses that are not restricted by donors are included in this classification. All expenditures are reported in the net assets without donor restrictions class since the use of restricted contributions in accordance with the donors' stipulations results in the release of the restriction. Net assets without donor restrictions may be designated for specific purposes by action of the board of directors.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors are included in this classification. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Center or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Net assets with donor restrictions represent amounts available for specified projects.

Cash and Cash Equivalents – For purposes of the statement of cash flows, the Center considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Unconditional Promises to Give – Contributions are recognized when the donor makes a promise to give to the Center that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

The Center uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made.

Fair Value Measurements – Financial accounting standards relating to fair value measurements establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset and liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Note 1—Nature of activities and summary of significant accounting policies (continued)

An asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques should maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology used for assets measured at fair value on a recurring basis:

> *Investments* – Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include highly liquid government securities and certain other products, such as mutual funds. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows and are classified within Level 2 of the valuation hierarchy. In certain cases where there is limited activity, or less transparency around inputs to the valuation, securities are classified within Level 3 of the valuation hierarchy.

No changes in the valuation methodology has been made during the year from July 1, 2018 through June 30, 2019.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Center believes its valuation methods are appropriate and consistent with that of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements at the reporting date (see Note 3).

Land, Building, and Equipment – Land, building, and equipment are recorded at cost at the date of purchase or fair market value at the date of donation. Depreciation of building and equipment is provided over the estimated useful lives of the respective assets (ranging from 3 to 30 years) on a straight-line basis. The Center generally capitalizes an asset if its life is estimated to be one year or greater and the cost is $1,000 or greater.

Donated Goods and Services – The value of donated goods and services meeting the criteria for recognition are recorded as in-kind contributions, with the corresponding expenses recorded, when the fair values of the goods and services are available.

Functional Allocation of Expenses – The costs of providing program services and supporting services have been summarized on a functional basis in the statements of activities and functional expenses. Expenses that relate to more than one function are allocated among applicable functions on the basis of objectively evaluated financial and nonfinancial data or reasonable subjective methods determined by management. Expenses that have been allocated consist primarily of salaries and related expenses and depreciation.

The following program and supporting services are included in the accompanying financial statements:

Program Services

> *Residential and Crisis Services* – Provide immediate response to youth in crisis, who have run away, or who are experiencing homelessness. These services include an Emergency Shelter for youth ages 13 to 17 years old, along with street outreach, a drop-in center, case management, and connections to permanent housing for youth experiencing homelessness, ages 18 to 22 years old.

> *Youth Action Services* – Help youth develop leadership and life skills, while working to create change on systemic issues they deem critical to their lives and to other youth in the community. Youth Action Services includes programs like the Mayor's Youth Council, WeGo Public Transit Youth Action Team, Students of Stonewall, and Building Bridges.

Note 1—Nature of activities and summary of significant accounting policies (continued)

Statewide TOP® – A state-wide effort to disseminate the Wyman Center's evidence-based Teen Outreach Program ("TOP®") in foster care, juvenile justice, and educational settings across Tennessee. This initiative focuses on training and supporting staff in these settings to implement *TOP®* as a means to improve life skills, health behaviors, and sense of purpose for particularly at-risk youth populations.

Youth Engagement Services – Engage at-risk youth in building positive identities and strong connections to their communities. Service-learning is central to this work as a tool for developing meaningful relationships, civic responsibility, and a positive sense of self. These services include programs like the International Teen Outreach Program, R.E.A.L., the Bike Workshop, and Just Us.

Transitions Initiative – Provides workforce development and job preparedness training for low-income and at-risk youth, ages 14 to 24 years old. Youth are supported in an individualized career development process that connects them to sustainable career pathways, wraparound supportive services, and follow-up support.

College Connection – Helps make college a reality for low-income, New American, and potential first generation college students by offering comprehensive college counseling services. Mobile staff engage students and families in schools, libraries, and community centers to help them build college-going identities, explore college/career options, complete financial aid and admissions paperwork, and find their most appropriate "fit" in order to be successful.

Counseling Services – Family, individual, and group counseling designed to address a wide range of issues affecting teens and their families. This work focuses on helping youth and families find hope and healing, build stronger relationships, discover personal strengths and resources, and find solutions that nurture ongoing positive growth.

Supporting Services

Management and General – Includes costs related to the overall direction of the Center. These expenses are not identifiable with a particular program or with fundraising but are indispensable to the conduct of those activities and are essential to the Center. Specific activities include organization oversight, business management, human resource function, finance and accounting services, training and coordinating volunteers, property and technology oversight, and other administrative duties.

Fundraising – Includes costs of activities directed toward grant writing, donor tracking, public relations, and fundraising. Other activities include the cost of solicitations as well as the creation and distribution of fundraising materials.

Estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes – The Center is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation. Therefore, no provision for income taxes has been made in the accompanying financial statements.

Note 1—Nature of activities and summary of significant accounting policies (continued)

The Center follows Financial Accounting Standards Board ("FASB") Accounting Standards Codification guidance that clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements. This guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. The Center has no tax penalties or interest reported in the accompanying financial statements.

Subsequent Events – The Center evaluated subsequent events through December 18, 2019, when these financial statements were available to be issued. The Center is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to the filing of this report that would have a material impact on the financial statements.

Change in Accounting Principle – In August 2016, the FASB issued Accounting Standards Update ("ASU") 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. The standard addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The ASU has been applied retrospectively to all periods presented.

New Accounting Pronouncements – In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers.* ASU 2014-09 clarifies the principles for recognizing revenue and develops a common revenue standard under U.S. GAAP under which an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 is effective for the Center for the year ending June 30, 2020. The Center is currently evaluating the effect of the implementation of this new standard.

In January 2016, the FASB issued ASU 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities.* This guidance revises accounting related to (1) the classification and measurement of investment in equity securities and (2) the presentation of certain fair value changes for financial liabilities measured at fair value. It also amends certain disclosure requirements associated with the fair value of financial instruments. This guidance is effective for the year ending June 30, 2020. The Center is evaluating the impact this guidance may have on its financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases.* This guidance introduces a lessee model that brings substantially all leases on the statements of financial position. This guidance is effective for the year ending June 30, 2022. The Center is evaluating the impact this guidance may have on its financial statements.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* The guidance in this ASU clarifies the accounting guidance for contributions received and contributions made. The amendments in this ASU will assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities,* or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. This guidance is effective for the year ending June 30, 2020. The Center is evaluating the impact of this standard on its financial statements.

Note 2—Liquidity and availability

The Center regularly monitors liquidity required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Center considers all expenditures related to its ongoing program service activities as well as the conduct of services undertaken to support those activities to be general expenditures. Financial assets available for general expenditures, that is, without donor restriction or other restrictions limiting their use within one year of the statement of financial position comprise the following at June 30, 2019:

Financial assets at year-end:		
Cash and cash equivalents	$	391,121
Receivable from grantor agencies		247,777
Other receivables		105,802
Investments		2,418,994
Total financial assets		3,163,694
Less amounts not available to be used for general expenditures within one year:		
Purpose restrictions		35,000
Financial assets not available to be used within one year		35,000
Financial assets available to meet general expenditures within one year	$	3,128,694

Note 3—Investments and fair value measurements

The following table sets forth the Center's major categories of assets and liabilities measured at fair value on a recurring basis, by level within the fair value hierarchy, as of June 30, 2019:

	Level 1	Level 2	Level 3	Total
Investments:				
Money market accounts	$ 281,208	$ -	$ -	$ 281,208
Equities:				
Financial	293,832	-	-	293,832
Healthcare	147,183	-	-	147,183
Energy	138,300	-	-	138,300
Communication	137,374	-	-	137,374
Consumer goods	109,660	-	-	109,660
Industrial goods	79,980	-	-	79,980
Utilities	72,206	-	-	72,206
Real estate	71,712	-	-	71,712
Technology	71,256	-	-	71,256
Total Equities	1,121,503	-	-	1,121,503
Mutual Funds:				
Mid-cap blend	276,315	-	-	276,315
Intermediate-term bond	189,024	-	-	189,024
Other	172,700	-	-	172,700
Small blend	133,631	-	-	133,631
Foreign large blend	90,379	-	-	90,379
Diversified emerging markets	67,070	-	-	67,070
Corporate bond	46,390	-	-	46,390
Emerging markets bond	40,774	-	-	40,774
Total Mutual Funds	1,016,283	-	-	1,016,283
Total Investments	$ 2,418,994	$ -	$ -	$ 2,418,994

Note 4—Land, building, and equipment

The balances of the major classes of land, building, and equipment are as follows at June 30, 2019:

Land	$ 290,001
Building, improvements, and leaseholds	5,141,710
Equipment	557,560
Vehicles	86,427
Artwork	18,500
	6,094,198
Less accumulated depreciation	(2,021,760)
	$ 4,072,438

Note 5—Accrued expenses

Employees of the Center are granted vacation and sick leave in varying amounts. In the event of termination, an employee is paid for accumulated vacation, but not for accumulated sick leave. Accordingly, vacation pay is accrued and recognized as an expense in the period earned by employees. Accrued vacation pay included in accrued expenses totaled approximately $112,000 at June 30, 2019.

Note 6—Net assets with donor restrictions

Net assets with donor restrictions are available for the following purposes or periods at June 30, 2019:

Scholarship grants	$ 35,000

Net assets were released from donor restriction during 2019 in the amount of $10,117 resulting from the collection of contributions receivable, removing the time restriction.

Note 7—Concentrations

The Center receives a substantial amount of its support from government grants and United Way. A significant reduction in the level of this support, if this were to occur, may have an adverse effect on the Center's programs and activities. In addition, the funding received by the Center from governmental agencies is subject to audit and retroactive adjustment.

Financial instruments which potentially subject the Center to concentrations of credit risk consist of cash and cash equivalents. The Center places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation covers $250,000 for substantially all depository accounts. The Center from time to time may have amounts on deposit in excess of the insured limits. The Center had cash and cash equivalent bank balances of approximately $203,000 in excess of these insured limits at June 30, 2019.

Note 8—Employee benefit plan

The Center has a 401(k) retirement plan for administrative employees who have reached age 21 and have been employed for six months. The plan provides for discretionary employer matching contributions. Employer matching contributions totaled approximately $50,000 for the year ended June 30, 2019.

Note 9—Contingencies

Federal awards from federal, state, and local governmental entities in the form of grants are subject to special audit. Such audits could result in claims against the Center for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

SUPPLEMENTARY DATA

OASIS CENTER, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2019

Grant Description	Federal CFDA Number	Grantor's Number	Grant Period	Expenditures	Expenditures to Subrecipients
FEDERAL AWARDS					
U.S. Department of Health and Human Services					
Runaway and Homeless Youth Program Basic Shelter	93.623	90-CY6584/02	09/30/2017 - 9/29/2018	$ 100,000	$ -
Runaway and Homeless Youth Program Basic Shelter	93.623	90-CY6584/03	09/30/2018 - 09/29/2019	150,000	-
Total 93.623				250,000	-
Education and Prevention Grants to Reduce Sexual Abuse of Runaway, Homeless and Street Youth	93.557	90-YO2267/02	09/30/2017 - 9/29/2018	83,484	-
Education and Prevention Grants to Reduce Sexual Abuse of Runaway, Homeless and Street Youth	93.557	90-YO2267/03	09/30/2018 - 09/29/2019	125,839	-
Total 93.557				209,323	-
Passed through State of Tennessee Department of Mental Health & Substance Abuse Services					
Block Grants for Prevention and Treatment of Substance Abuse	93.959	DGA 58045_2018-2019_012	07/1/18 - 06/30/19	362,000	-
Passed through State of Tennessee Department of Children Services					
Affordable Care Act Personal Responsibility Education Program	93.092	Edison #44265	7/1/18 - 6/30/19	711,372	127,871
Total U.S. Department of Health and Human Services				1,532,695	127,871
U.S. Department of Housing and Urban Development					
Continuum of Care Program	14.267	N/A	6/1/17 - 8/15/18	19,527	-
Total 14.267				19,527	-
Passed through Metro Development Housing Agency					
Emergency Solutions Grants Program	14.231	N/A	7/1/18 - 6/30/19	26,250	-
Passed through Metro Development Housing Agency					
Community Development Block Grants/Entitlement Grants	14.218	N/A	6/1/18 - 8/15/18	27,500	-
Total U.S. Department of Housing and Urban Development				73,277	-

See accompanying notes to schedule of expenditures of federal awards.

OASIS CENTER, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

YEAR ENDED JUNE 30, 2019

Grant Description	Federal CFDA Number	Grantor's Number	Grant Period	Expenditures	Expenditures to Subrecipients
FEDERAL AWARDS (Continued)					
U.S. Department of Justice					
Passed through State of Tennessee Department of Finance and Administration					
Crime Victim Assistance	16.575	Edison #78413	7/1/2018 - 6/30/2022	$ 32,676	$ -
Total 16.575				32,676	-
Passed through Vanderbilt University					
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	UNIV59383	3/3/17 - 12/31/21	103,777	-
Total U.S. Department of Justice				136,453	-
U.S. Department of Education					
Passed through Tennessee Alliance for Children and Families					
Title I Grants to Local Educational Agencies	84.010	N/A	8/1/18 - 7/31/19	37,836	-
Total U.S. Department of Education				37,836	-
U.S. Department of Labor Employment and Training Administration					
Institute for Eduacational Leadership's Center for Workforce Development	17.270	YE-32159-18-60-A-11	10/01/18 - 12/31/21	50,467	
Face Forward 3-Intermediary and Community Grants	17.270	YF-27299-15-60-A-47	7/1/18 - 9/30/19	343,042	-
Total U.S. Department of Labor Employment and Training Administration				393,509	-
U.S. Department of Homeland Security					
Passed through Federal Emergency Management Agency					
Emergency Food and Shelter National Board Program	97.024	32-765200-018	7/1/18 - 6/30/19	5,975	-
Total U.S. Department of Homeland Security				5,975	-
Total Federal Awards				$ 2,179,745	$ 127,871

See accompanying notes to schedule of expenditures of federal awards.

Note 1—Basis of presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Oasis Center, Inc. under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of Oasis Center, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Oasis Center, Inc.

Note 2—Summary of significant accounting policies

Basis of Accounting – Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate – Oasis Center, Inc. expended indirect costs using a multiple allocation base method and did not elect to use the 10% de minimis cost rate allowed under the Uniform Guidance.

Note 3—Non-cash awards

The Center did not receive non-cash federal awards during the year ended June 30, 2019.

Note 4—Contingencies

These programs are subject to financial and compliance audits by grantor agencies. The amount, if any, of expenditures that may be disallowed by the grantor agencies cannot be determined at this time, although the Center expects such amounts, if any, to be immaterial.

Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
Oasis Center, Inc.
Nashville, Tennessee

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Oasis Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 18, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Oasis Center, Inc.'s internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Oasis Center, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Oasis Center Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Oasis Center, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Oasis Center, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Bekaert LLP

Nashville, Tennessee
December 18, 2019

Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Directors
Oasis Center, Inc.
Nashville, Tennessee

Report on Compliance for Each Major Federal Program

We have audited Oasis Center, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Oasis Center, Inc.'s major federal programs for the year ended June 30, 2019. Oasis Center, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Oasis Center, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Oasis Center, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Oasis Center, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Oasis Center, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of Oasis Center, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Oasis Center, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Oasis Center, Inc.'s internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identity deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2019-01 and 2019-02, which we consider to be a significant deficiencies in internal control over compliance.

Oasis Center, Inc.'s response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Oasis Center, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Cherry Bekaert LLP

Nashville, Tennessee
December 18, 2019

OASIS CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2019

Section I – Summary of Audit Results

Financial Statement Section

Type of auditor's report issued on whether financial statements were prepared in accordance with GAAP:	**Unmodified**			
Internal control over financial reporting:				
Material weakness(es) identified?		Yes	x	No
Significant deficiency(ies) identified		Yes	x	None Reported
Noncompliance material to financial statements noted		Yes	x	No

Federal Awards

Internal control over major programs:				
Material weakness(es) identified?		Yes	x	No
Significant deficiency(ies) identified	x	Yes		None Reported
Type of auditor's report on compliance for major programs:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	x	Yes		No

Identification of Major Programs

Name of Federal Program or Cluster	CFDA Number(s)
Block Grants for Prevention and Treatment of Substance Abuse	93.959
Runaway and Homeless Youth Program Basic Shelter	93.623

Dollar threshold used to distinguish between type A and type B programs	$	750,000			
Auditee qualified as low-risk auditee?		x	Yes		No

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

There were no findings required to be reported in accordance with *Government Auditing Standards*.

Section III – Federal Award Findings and Questioned Costs – Major Federal Awards

This section identifies the significant deficiencies, material weaknesses, and material instances of noncompliance, including questioned costs, as well as any material abuse findings, related to the audit of major programs, as required to be reported by 2 CFR 200.516(a).

Finding 2019-01 Non-material Noncompliance over the Reporting Requirement for the Block Grants for Prevention and Treatment of Substance Abuse CFDA #93.959

Criteria: The Oasis Center, Inc. (the "Center") is responsible for establishing controls and procedures to ensure compliance with federal grants.

Condition: For the year ended June 30, 2019, the Center did not submit the annual report to the granting agency within the reporting requirements.

Cause: Program personnel did not submit the report within the required time period.

Prior Year Finding: This finding was reported as finding 2018-01 in the prior year.

Effect: The Center was not in compliance with the annual reporting requirement of the grant.

Recommendation: The Center should put in procedures to ensure that timely reporting is submitted to ensure compliance with the grant.

Management's Response: We agree with the finding.

Finding 2019-02 Significant deficiency on internal controls over the Cash Management and Reporting Requirements for the Runaway and Homeless Youth Program Basic Shelter Grant CFDA #93.623

Criteria: Internal controls should be in place that provide reasonable assurance that required reporting is submitted timely and reimbursement requests contain appropriate expenditures.

Condition: During the year ended June 30, 2019, the Center did not have controls in place to ensure timely and accurate financial and program reporting.

Cause: There are no oversight controls over the reporting and cash management procedures.

Effect: Required reporting requirements could be submitted untimely or with inaccurate information. Reimbursement requests could contain expenditures that were not yet incurred.

Recommendation: The Center should put in controls to include oversight of reporting and cash management procedures.

Management's Response: We agree with the finding.

Section IV – Schedule of Prior Year Audit Findings

The finding 2018-01 reported in the prior year is a repeat finding identified as finding 2019-01.

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THERE'S MORE TO YOUTH

CORRECTIVE ACTION PLAN

U.S. Department of Health and Human Services

Oasis Center, Inc. and Affiliate ("the Center") respectfully submits the following corrective action plan for the report dated December 18, 2019.

Name and address of independent public accounting firm:
Cherry Bekaert, LLP
222 Second Avenue South #1240
Nashville, TN 37201

Audit period: July 1, 2018 – June 30, 2019

The findings from the June 30, 2019 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the number assigned in the schedule.

Federal Award Findings and Questioned Costs – Major Federal Awards

Finding 2019-01 Material Noncompliance over the Reporting Requirement for the Block Grants for Prevention and Treatment of Substance Abuse CFDA #93.959

2019-1 Recommendation: The Center should put in place procedures to ensure that timely reporting is submitted to ensure compliance with the grant

Action Taken: We concur with the recommendation and will establish procedures to ensure clarity in reporting dates and deadlines with our funder and that timely reporting occurs within the reporting timeline to remain in grant compliance.

Date of Completion: March 31, 2020

Finding 2019-02 Significant deficiency on internal controls over the Cash Management and Reporting Requirements for the Runaway and Homeless Youth Basic Shelter Grant CFDA #93.623

2019-2 Recommendation: The Center should put in place controls to include oversight of reporting and cash management procedures

Action Taken: We concur with the recommendation and will establish procedures to ensure controls are in place for oversight of cash management procedures and program reporting.

Date of Completion: March 31, 2020

If the U.S. Department of Health and Human Services has questions regarding this plan, please call Kim Reese, Chief Financial Officer, at 615-983-6857.

Sincerely,

KReese

Kim Reese, Chief Financial Officer

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